

Audit & Counter Fraud Update

Medway Council

For the period:

1 April – 31 August 2021

1. Introduction

- 1.1 The Audit & Counter Fraud Shared Service for Medway Council & Gravesham Borough Council was established on 1 March 2016. The team provides internal audit assurance and consultancy, proactive counter fraud and reactive investigation services, and the Single Point of Contact between both authorities and the Department for Work & Pensions Fraud & Error Service for their investigation of Benefits Fraud
- 1.2 The Public Sector Internal Audit Standards (the Standards) require that: *The chief audit executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board.*

2. Executive Summary

- 2.1 The first four months of 2021-22 have been productive with the following audit reviews finalised; **items in italics had full details of the review included in the 2020-21 annual report.*
- *Adult Social Care - Assessments & reviews of Care Packages – Opinion: **Green** (2020-21 review finalised in 2021-22)*
 - *Council Tax Collection - Opinion: **Green** (2020-21 review finalised in 2021-22)*
 - *Special Guardianship Orders (Counter Fraud review) - Opinion: **Red** (2020-21 review finalised in 2021-22)*
 - *Financial Planning - Opinion: **Green** (2020-21 review finalised in 2021-22)*
 - *Cyber Security – Opinion: **Green** (2020-21 review finalised in 2021-22)*
 - *Disabled Facilities Grants - Opinion: **Amber** (2020-21 review finalised in 2021-22)*
 - *Visitor Parking Permits - Opinion: **Amber** (2020-21 review finalised in 2021-22)*
 - Section 17 – No Recourse to Public Funds – Opinion: **Amber** (2020-21 review finalised in 2021-22)
 - Child Exploitation - Opinion: **Green** (2020-21 review finalised in 2021-22)
 - Commercial Property Management – Pentagon Centre - Opinion: **Green** (2020-21 review finalised in 2021-22)

In addition, three reviews have draft reports with clients, five reviews have had fieldwork completed and are now going through the quality control process, eight reviews are currently underway and commencement of a number of others is being arranged with the clients. As a consequence of this work, plan delivery as of 31 August was 18% complete, with a further 15% underway. Full details of the individual reviews can be found in section 5 of this report.

- 2.2 Follow up of agreed recommendations has continued and performance as of 31 August stood at 40%, with 19 of 48 recommendations due in the period having been implemented (based on responses received by report deadline). 29 remain outstanding and are being monitored in line with the agreed follow up process. Full details of the progress made in relation to recommendation follow up can be found at section 8, which also includes details of requests for revised implementation dates.
- 2.3 Investigations concluded during the period have identified cashable savings of £246,849.51 in the form of additional council tax liabilities, both historic and future and new business rate liabilities.
- 2.4 There has been some impact on planned resources due to sickness, the retirement of one officer and a vacancy for an Intelligence Analyst following the previous post holder taking a position within the team as a Counter Fraud Officer. We are expecting some further impact following the resignation of an Internal Audit Team Leader and are currently projecting a loss of approximately 143 days from the projected 1072 available at the start of the year.

3. Independence

- 3.1 The Audit & Counter Fraud Charter approved by Medway's Audit Committee in January 2020 and sets out the purpose, authority, and responsibility of the team. The Charter sets out the arrangements to ensure the team's independence and objectivity through direct reporting lines to senior management and Members, and through safeguards to ensure officers remain free from operational responsibility and do not engage in any other activity that may impair their judgement. The work of the team during the period covered by this report has been free from any inappropriate restriction or influence from senior officers and/or Members.
- 3.2 Given its responsibilities for counter-fraud activities, the Audit & Counter Fraud Shared Service cannot provide independent assurance over the counter-fraud activities of either council. Instead, independent assurance over the effectiveness of these arrangements will be sought from an external supplier of audit services on a periodic basis. The most recent of these reviews was undertaken by Tonbridge & Malling Borough Council in 2018-19.

4. Resources

- 4.1 The Audit & Counter Fraud Shared Service reports to the Section 151 Officers of Medway Council and Gravesham Borough Council. The team currently has an establishment of 14 officers, consisting of; the Head of Internal Audit & Counter Fraud, two Internal Audit Team Leaders, six Internal Auditors (5.78FTE), one Counter Fraud Team Leader, two Counter Fraud Officers, and two Counter Fraud Intelligence Analysts (0.86FTE) (one post currently vacant).
- 4.2 The Shared Service Agreement sets out the basis for splitting the available resources between the two councils, approximately 64% for Medway with the remaining 36% for Gravesham. The establishment at the time the Audit & Counter Fraud Plans for 2021-22 were prepared, was forecasted to provide a total of 1,815 days available for audit and counter fraud work (net of allowances for leave, training, management, administration etc.) The Audit & Counter Fraud Plan for Medway was prepared with a resource budget of 1,162 days.
- 4.3 Net staff days available for Medway for the period 1 April to 31 July 2021 amounted to 491 days and 422 days (86%) were spent on chargeable audit and counter fraud work. Of this chargeable time, 273 days (64%) was spent on audit assurance and consultancy work, while 149 days (36%) was spent on counter fraud and investigations work. In addition, 23 days were spent on SPOC related duties. The current status and results of all work carried out are detailed at section 5 of this report.
- 4.4 Staff sickness, a period of vacancy created by a promotion within the team and the retirement of one officer has affected the level of resources available. We are expecting some further impact following the resignation of an internal audit team leader and are currently projecting a loss of approximately 143 days (67 audit days and 75 counter fraud days) from the projected resource available at the start of the year.

5. Results of planned Audit & Counter Fraud work

- 5.1 The Audit & Counter Fraud Plan 2021-22 for Medway was approved by the Audit Committee in March 2021. The Plan is intended to provide a clear picture of how the council will use the Audit & Counter Fraud Shared Service, reflecting all work to be carried out by the team for Medway during the financial year including the council's core finance and governance arrangements, operational assurance work, proactive counter fraud work, responsive investigations, and consultancy services.
- 5.2 The tables below provide details of the work from 2020-21 that has been finalised in 2021-22 (excluding those detailed in the annual report for 2020-21), the progress of work undertaken as part of the 2021-22 annual plan and the results of investigative work completed during the period.

2020-21 Internal Audit assurance work finalised in 2021-22 (since the last Audit Committee meeting)

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
19	Section 17 - no recourse to public funds	15	17.8	Final report issued	<p>The review considered the following Risk Management Objective: RMO1 - Effective processes are in place to manage the Section 17 Payments in relation to children from No Recourse to Public Funds families.</p> <p>The review found that a new overarching policy, 'Financial Assistance Section 17 (s17) Children Act 1989', was agreed in August 2020; however, the officers who deal with s17 No Recourse to Public Funds (NRPF) cases were not aware of the new policy at the time of audit. The majority of NRPF family's approach via Housing Options and it was found that there are clearly defined roles and responsibilities around s17 NRPF cases, with Housing Options gathering the necessary evidence and once it has been determined that no housing duty is owed, the Early Help Key Worker (EHKW) responsible for NRPF cases assessing the best way to support the family and regularise their immigration status. Prior to the Covid-19 pandemic, joint interviews took place with both the EHKW and one of the Housing Options Officers attending to carry out the necessary assessments. Due to the Covid-19 restrictions however, the EHKW now calls the applicant and interviews them over the phone instead. A slight delay in receiving documents from the initial assessment on some occasions was identified and the Head of Strategic Housing advised that it may be possible for the EHKW to be given access to Locata, the Housing Options system, which would allow them to access the documents collected at the initial interview by the Housing Options Officer and not delay any action needed. Although the majority of NRPF family's approach via Housing Options, there are also families who present at Front Door; we were advised that this sometimes resulted in cases being assigned to a different EHKW. However, the service underwent a restructure during the audit. This resulted in the EHKW responsible for NRPF cases being placed in Front Door, which will enable all NRPF cases to be captured and passed to that officer for actioning.</p> <p>Audit testing on a random sample of five NRPF cases in 2020 showed that families had a financial assessment where appropriate.</p> <p>A procedure is in place for authorising s17 NRPF payments, however this authorisation is not recorded on the Mosaic system, where the rest of the paperwork is held. It would provide greater transparency and a clear audit trail if these authorisations were uploaded onto Mosaic by the officer authorising the</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p>payment. A Finance Panel is in place and is held every two weeks, to ensure lessons learnt and best practices are shared and that the support ends as soon as reasonably practicable. The Finance Panel minutes provided showed that where a case is subject to s17 payments because the family has NRPF, the case is discussed on a regular basis to ensure all efforts are being made to regularise the immigration status of the family and ensure payments are kept to a minimum. It was noted that the 'Financial Assistance Section 17 (s17) Children Act 1989' Policy does not currently reflect the fact the Finance Panel is used to monitor NRPF cases. It was found that three different cost codes were used for the recording of s17 NRPF payments in 2020-21, two of which did not have a budget attached and one of which was overspent. Opinion: Amber.</p> <p>Overall Opinion: Amber. Recommendations: One high and three medium priority.</p> <p>Recommendations relate to the new policy, 'Financial Assistance Section 17 (s17) Children Act 1989', being disseminated to all relevant staff as soon as possible to ensure they are aware of it; the agreement to make s17 NRPF payments being entered onto Mosaic by a senior officer to ensure that an audit trail is maintained; the Financial Assistance Section 17 (s17) Children Act 1989 Policy being updated to include that the Finance Panel is used to monitor the S17 spend and to promote best practices; and, the service working with Finance to review GL coding / budget monitoring arrangements in respect of s17 NRPF payments.</p>
21	Children's independent safeguarding & review service	15		Draft report with client for consideration	<p>The review considered the following Risk Management Objectives:</p> <p>RMO1 - A robust quality assurance function is in place.</p> <p>RMO2 - Effective arrangements have been put in place to undertake the actions arising from the Medway Children's Services Improvement Plan in relation to quality assurance.</p>
22	Child exploitation (previously Child sexual exploitation)	15	11.0	Final report issued	<p>The review considered the following Risk Management Objectives:</p> <p>RMO1: Appropriate arrangements are in place to support the tackling of Child Exploitation in Medway.</p> <p>The review found that the Medway Safeguarding Children Partnership (MSCP) was set up on 2 September 2019. Medway Council is a statutory member of the partnership, alongside Kent Police and the Kent and Medway Clinical Commissioning Group. The MSCP comprises of an Executive and a number of</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p>subgroups. The Executive meets every two months and is led by the three safeguarding partners. One of the subgroups of the MSCP is the Joint Exploitation Group, which is attended by council representatives, as is the Missing and Exploitation Panel which feeds into this group. The work of the MSCP is directed by the MSCP Strategic Plan 2020-22, which sets out five priorities for the period: effective partnerships, contextual safeguarding and trauma informed practice, domestic abuse, neglect and effective early help. The council also has a 'Contextual Safeguarding and Child Exploitation' Strategy in development, which will be passed for agreement with MSCP's Executive Board. The Strategy embraces the Contextual Safeguarding approach, recognising that children who are at risk of exploitation are often at risk from more than one kind of exploitation, and contains five workstreams: Prevent, Protect, Pursue, Provide and Participation.</p> <p>Training is provided not only to staff within Children Services, but to all officers of the council to raise awareness of safeguarding and the overall responsibility of each officer to report any concerns. There is not a specific budget for child exploitation, however the council makes a financial contribution to the MSCP as a safeguarding partner. Opinion: Green.</p> <p>RMO2: Appropriate management of referrals is conducted.</p> <p>The review found that the council has a comprehensive area of its website dedicated to Safeguarding and how to report concerns. It was noted that the page for reporting concerns was not particularly prominent on the website, however this has since been rectified with a link titled 'Report a safeguarding concern' now provided directly with the in the Children and Families area of the website. The service makes use of social media to raise awareness of the work it is doing and provide information regarding child exploitation.</p> <p>The referral mechanism for child exploitation concerns is via an MSCP toolkit to the MSCP Missing and Exploitation Panel. Cases, when agreed for the Panel, automatically enter a multi-agency arena. The Panel reports back to the MSCP Joint Exploitation Group to ensure trends and knowledge is shared with the wider partners.</p> <p>Referrals to the Missing and Exploitation Panel are managed internally through a 'Risk Panel Tracker', with minutes of meetings loaded onto Mosaic. Testing identified some delays with minutes being uploaded, however we were advised</p>

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					<p>that a new member of staff has been recruited who will take over responsibility for the minuting of Panels and the uploading of minutes, and it is anticipated that a delay of less than 48 hours will be the norm going forward.</p> <p>Currently no analysis of council referrals is undertaken, however this is an area the service is keen to develop, to ensure emerging risks and trends are identified. Again, an additional staff member has recently been recruited and it is intended that this will not only add resilience to the team but will also allow the senior officer to undertake the above analysis.</p> <p>The MSCP produces an annual report detailing the work of the partnership in the previous year. The 2019-20 report went before the Children & Young People Overview & Scrutiny Committee on 1 December 2020 and Health & Wellbeing Board on 16 February 2021. Opinion: Green.</p> <p>Overall Opinion: Green. Recommendations: None.</p>
24	Commercial property management - Pentagon Centre	15	11.9	Final report issued	<p>The review considered the following Risk Management Objective:</p> <p>RMO1 – There are arrangements in place to manage the Pentagon Centre.</p> <p>The review found that on 12 February 2019, a report was presented to Cabinet providing the business case for acquiring the head leases of the Pentagon Centre and other freehold property. The report set out the advice of external specialists used to analyse the opportunity and the reasons for acquisition; after consideration of the report, Cabinet approved the acquisition. On 21 February 2019, Full Council agreed for the funding of the purchase and investment in the Pentagon Centre to be added to the Capital Programme; officers completed the purchase of the Pentagon Centre head leases, together with some freehold properties, in April 2019 for £34.875 million.</p> <p>The council have appointed Ellandi LLP as the Asset Manager for the Pentagon Centre and alongside Ellandi there is a property management company, Workman LLP, who manage the day to day running of the Pentagon Centre; this includes rent collection and collection of service charges. The contract with Workman has now expired, however it was advised that a tendering process is underway and should be completed within the current financial year. There are clear roles and responsibilities for the management of the Pentagon Centre, with agreements in place with Ellandi and Workman for this purpose.</p> <p>Recommendations to let and cease lettings are provided by Ellandi to the Head of Valuation and Asset Management and the Chief Legal Officer; delegated</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p>authority was given to the Chief Legal Officer to make such arrangements at the Cabinet meeting on 9 July 2019. During the audit, the Valuation and Asset Management Team were moved to the Regeneration Division and these delegations were transferred to the Director of Place and Deputy Chief Executive and then sub-delegated to the Head of Valuation and Asset Management.</p> <p>A sample of three recommendations from December 2020 was provided and all showed the recommendation and approval from the Chief Legal Officer; for two of the three recommendations there had also been consultation with the Leader and Portfolio Holder for Resources.</p> <p>There are arrangements in place for very regular liaison with Ellandi and Workman to monitor the delivery of services in line with legal agreements; this includes monthly progress meetings, regular presentations at the Strategic Property Board and quarterly reports which are in line with the Ellandi contract. There is comprehensive reporting and monitoring of finances, including income collection, and there are arrangements in place to monitor and report on the overall financial performance of the Pentagon Centre, including cash flow forecasting.</p> <p>In light of the COVID-19 pandemic, on 4 May 2020, a report was presented to Cabinet including a proposal to provide financial assistance in the form of rent deferrals to tenants of the Pentagon Centre and other commercial properties within the council's property portfolio. The Leader, using urgency powers, agreed to delegate authority to the Chief Legal Officer, in consultation with the Leader and the Portfolio Holder for Resources, to agree the delaying of current rent of Pentagon Centre tenants as and when requested on a case-by-case basis. Ellandi put forward proposals to the Head of Valuation and Asset Management and if these were deemed reasonable, they were put forward to the Chief Legal Officer for consideration; the most appropriate course of action would then be discussed with the Leader and the Portfolio Holder. Evidence was seen of this process being followed in practice. Rent collection is managed by Ellandi and Workman and it was explained that the Government moratorium on landlords taking action against tenants for non-payment of rent has made collection of rent in some instances difficult. It was explained that there were very few tenants that chose to defer rent and most used the opportunity to regear leases, which has meant tenants can be supported during this period and units within the Pentagon</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					Centre remain occupied. Any deferred rental payments are to be repaid within 12 months of the agreement and monitoring is via the monthly progress meetings. It was advised that the urgency powers were revisited in November 2020, and it was agreed that the powers will not be extended further, and deferrals would not continue past the first two quarters of the 2021 calendar year. Opinion: Green. Overall Opinion: Green. Recommendations: None.
27	Medway Norse - waste & recycling contract	15		Draft report with client for consideration	The review considered the following Risk Management Objective: RMO1 - There are arrangements in place to monitor the Medway Norse Waste and Recycling Contract.

2021-22 Internal Audit assurance work

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
Core governance and financial systems assurance work					
1	Constitution maintenance	15	N/A	Not yet started	
2	Performance management framework & reporting	15	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objective: RMO1 - Arrangements are in place to monitor & report on the council's corporate performance.
3	Ethics	15	N/A	Not yet started	
4	Bad debt provision	15	N/A	Not yet started	
5	Income collection	20	N/A	Terms of reference being prepared	
6	Housing Benefit & Council Tax Reduction appeals	15	N/A	Not yet started	
7	NNDR reliefs	20	N/A	Not yet started	
8	Payroll	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - Arrangements are in place to calculate and pay staff salaries effectively, including allowances and overtime.
9	Insurances	12	N/A	Fieldwork underway	The review will consider the following Risk Management Objective:

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					RMO1 - Arrangements are in place to maintain appropriate insurance cover and process insurance claims.
10	Budget monitoring	15	N/A	Terms of reference being prepared	
11	Schools		N/A		Three schools were selected as part of a risk assessment looking at budgets and the date of the last internal audit review.
	Horsted School	20	N/A	Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - The school has appropriate mechanisms in place to ensure it is in a sound financial position and that there are no material probity issues.
	Luton Primary School	20	N/A	Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - The school has appropriate mechanisms in place to ensure it is in a sound financial position and that there are no material probity issues.
	Will Adams Centre	20	N/A	Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - The school has appropriate mechanisms in place to ensure it is in a sound financial position and that there are no material probity issues.
Corporate risks assurance work					
12	Adult social care - assessments & reviews of financial support	20	N/A	Not yet started	
13	Market income collection	15	N/A	Not yet started	
14	Parking enforcement	15	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objectives: RMO1 - All Penalty Charge Notices (PCNs) are issued correctly and income is appropriately monitored and collected where possible. RMO2 - Appeals against PCNs are administered correctly in accordance with required legislation.
15	Information requests	15	N/A	Draft report with client for consideration	The review considered the following Risk Management Objective: RMO1 - Arrangements are in place for the council to assess and respond to information requests in accordance with legislation.
16	Tenancy enforcement	15	N/A	Not yet started	
17	Accessibility Regulations	15	N/A	Terms of reference being prepared	

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
18	Adult social care - self-directed support (direct payments)	15	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objective. RMO1 – Effective arrangements are in place to manage Self-Directed Support (Direct Payments).
19	Business parking permits	15	N/A	Terms of reference being prepared	
20	HRA building compliance	15	N/A	Not yet started	
21	Advocacy	15	N/A	Terms of reference being prepared	
22	Child protection – virtual conferences (previously Virtual conferences - children’s social care)	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - Arrangements are in place to manage child protection virtual conference meetings.
23	HR - sickness absence reporting & monitoring	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objectives: RMO1 - Arrangements exist for staff sickness absence to be reported and accurately recorded. RMO2 - Arrangements exist for sickness absence to be monitored, managed, and reported.
24	Corporate debt recovery	15	N/A	Not yet started	
25	Care leavers - supported housing	15	N/A	Not yet started	
26	Looked after children - bank account provision	15	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objectives: RMO1 - Medway Council provide Looked After Children with regular savings which are made available to them when they leave care. RMO2 - Children who are in care for more than 12 months have a Junior ISA or Child Trust Fund opened for them.
27	Kyndi (formerly Medway Commercial Group) - governance & accounting	15	N/A	Terms of reference being prepared	
28	IT asset management	10	N/A	Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - Arrangements are in place to monitor distribution and relocation of IT equipment.

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
29	Client financial affairs	15	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objective: RMO1 - Arrangements are in place to manage client financial affairs (CFA) appropriately.
30	Safeguarding adults	15	N/A	Not yet started	
31	District enforcement	15	N/A	Not yet started	
32	Student services - Medway test	15	N/A	Not Yet Started	
33	North Kent Marshes Internal Drainage Board	20	9.1	Complete	The Internal Audit Team conducted a review of the accounts for the North Kent Marshes Internal Drainage Board for the period 1 April 2020 to 31 March 2021 and were satisfied as to their completeness and accuracy with one non-material exception. Issues relating to regular reviews of the risk register, billing calculations being checked by an independent officer and ensuring documents are published by required deadlines, were also identified during the review and were included as action points to be addressed in the final summary report.
34	Troubled Families assessment validation	25	N/A	Underway	The team have provided independent verification of several claims for funding from the Ministry of Housing, Communities & Local Government in relation to troubled families.
35	Grant validations	15	N/A	Underway	Independent validation has been conducted in respect of a number of grants received from Central Government Departments to confirm that the grant funding had been spent in accordance with set conditions to enable to the Chief Executive and Head of Internal Audit & Counter Fraud to sign a statement confirming that grant funding had been appropriately spent.
36	Finalisation of 2020-21 planned work	20	N/A	Underway	Internal Auditors have now completed all work relating to reports for the 2020-21 planned reviews. Two however were yet to be finalised with clients as of 31 August 2021.
37	Responsive assurance work	20	N/A	Underway	Please see table on page 13.

Responsive assurance activity

Activity	Opinion, summary of findings & recommendations made
Covid 19 Additional Restrictions Grants	Two officers supported newly appointed temporary staff with the assessment and validation of alternative restrictions grant applications.
Building Compliance Inspections	Officers carried out assurance checks on buildings moving into the final stages of re-opening as the last of the national restrictions were eased.

Other consultancy services including advice & information

Activity	Opinion, summary of findings & recommendations made
Strategic Risk Management Group	Audit & Counter Fraud have a representative on this corporate working group, which supports the council in its efforts to co-ordinate Strategic Risk Management.

Counter Fraud activity

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
42	Counter fraud proactive work (inc external data matching such as NFI& KIN)	75	N/A	Underway	<p>Work has continued to clear the matches received as part of the 2019-20 NFI Exercise and only 15 matches remain open for investigation. Results to date include additional council tax liabilities of £27,058 and additional liability of £17,397 in future years.</p> <p>Work has also commenced on the 2020-21 NFI Exercise, and early results have led to additional council tax liabilities of £34,294.30 (£17,060.82 in future years) and housing benefit overpayments of £2,218.04.</p> <p>There has been continuing activity relating to potential businesses missing from the rating list that have been identified by the KIN. This has led to the identification of three business that have been brought into rating creating new liabilities totalling £143,877. The Revenues team have also been making use of software supplied by KIN, which has resulted in the removal of small business rate relief totalling £101,875.</p>
43	Fraud Awareness	5	N/A	Not Yet Started	

Responsive investigation work: external investigations

Area	Number of referrals rejected	Number of investigations concluded	Summary of results	Cashable savings	Non-cashable savings	Prevented losses
Blue Badge	0	1	One case concluded with no evidence of fraud.	N/A	N/A	N/A
Business Rates	1	4	One case concluded with no evidence of fraud. Three cases resulted in the creation of new liability.	£143,877 (New liabilities)	N/A	N/A
Business Support Grants	6	6	Six cases concluded with no evidence of fraud.	N/A	N/A	N/A
Concessionary Passes	0	6	Six cases concluded with no evidence of fraud. Five cases did result in cancellation of the concessionary pass as customer deceased but no evidence of use by a third party after death.	N/A	N/A	N/A
Council Tax	39	208	117 cases concluded with no evidence of fraud and three passed to DWP for further enquiries. 88 cases concluded with the removal of the council tax discount/exemption or reduction. One case also resulted in a housing benefit overpayment	£73,884 (Historic Liability) £43,064 (Additional liability for future years) £1,055 (Housing Benefit)	N/A	N/A
Homelessness	0	1	One case concluded with no evidence of fraud.	N/A	N/A	N/A
Housing Allocations	0	2	Two cases concluded with no evidence of fraud.	N/A	N/A	N/A
Right to Buy	0	1	One case concluded with no evidence of fraud.	N/A	N/A	N/A
Tenancy	1	4	Four cases concluded with no evidence of fraud.	N/A	N/A	N/A

Responsive investigation work: internal investigations

The Audit & Counter Fraud Team conduct disciplinary investigations on behalf of HR into a range of matters. Details cannot be provided while investigations are ongoing, but an anonymised summary will be included in updates after the cases are concluded.

Allegation	Investigation activity & recommendations
	Nothing to report

6. Quality Assurance & Improvement Programme

- 6.1 The Standards require that: *The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. A Quality Assurance & Improvement Programme (QAIP) has been prepared to meet this requirement.* The Audit & Counter Fraud Shared Service QAIP was agreed by Medway's Audit Committee in July 2020.
- 6.2 The arrangements set out in the QAIP have been implemented with the collection and monitoring of performance data largely automated through the team's time recording and quality management processes. It should be noted that the results recorded below have not been subjected to independent data quality verification.
- 6.3 In line with the QAIP, the team monitor performance against a suite of 24 performance indicators based on the balanced scorecard, covering the four perspectives: financial, internal process, learning & growth and customer. The table below sets out the performance targets, which are grouped into measures for the service and those that are specific to the individual authority. Targets have been set for 17 of the 24 indicators, however it should be noted that these are for full year outturns and as such outturns at present are not to target levels but are provided for Member's information.

Ref	Indicator	Target	Outturn
Non LA Specific Performance Measurements			
PM1	Cost of the Audit & Counter Fraud Service a) Total Cost b) LA Share	N/A	£599,944 (Budgeted Costs) £383,964
PM2	Cost per A&CF day	£400	
PM3	Proportion of staff with relevant professional qualification: a) Relevant audit qualification b) Relevant counter fraud qualification	75%	21% 50%
PM4	Proportion of non-qualified staff undertaking professional qualification training	25%	14%
PM5	Time spent on CPD/non-professional qualification training, learning & development	70 days	18 Days
PM6	Compliance with PSIAS	100%	The External Quality Assessment (EQA) conducted in February 2018 was positive with performance in line with or above that of other local authorities as per benchmarking; however, it did not provide a percentage of compliance. Our January 2019 self- assessment showed full compliance with 94% of the standards, partial compliance with a further 4% and work required to address the remaining 2%. We are working to address the areas that require improvement.
PM7	Staff turnover	N/A	14%
LA Specific Performance Measurements			
PM8	Average cost per assurance review	£5,000	£5,179
PM9	Proportion of available resources spent on	N/A	86%

Ref	Indicator	Target	Outturn
	chargeable work		
PM10	Proportion of chargeable time spent on: a) assurance work b) consultancy work	N/A	64% 0%
PM11	Proportion of chargeable time spent on: a) proactive counter fraud work b) reactive counter fraud work	N/A	13% 23%
PM12	Proportion of chargeable time spent on SPOC associated duties	N/A	23 days
PM13	Proportion of agreed assurance assignments: a) Delivered b) Underway	95%	18% 15%
PM14	Proportion of completed reviews subject to a second stage (senior management) quality control check in addition to the primary quality control review	10%	0
PM15	Proportion of recommended actions agreed by client management	90%	100%
PM16	Number of recommendations agreed that are: a) not yet due b) Implemented c) Outstanding	N/A	20 19 29
PM17	Proportion of recommended actions implemented by agreed date	N/A	40%
PM18	Number of referrals received	N/A	319
PM19	Number of investigations closed	N/A	281
PM20	Value of fraud losses identified: a) cashable (losses that can be recovered) b) non-cashable (notional savings based on national estimates) c) Prevented Losses (Savings associated with blocked applications)	N/A	£246,849.51 £0 £0
PM21	Customer satisfaction with individual review/assignment	95%	100% (based on two responses received during the period).
PM22	Customer satisfaction with overall service	95%	A wider satisfaction survey was last completed in March 2019 and was positive. Due to the Covid 19 pandemic, it was not possible to conduct a review during 2020-21. We hope to issue a new survey later in 2021-22.
PM23	Member satisfaction with assurance provided (based on Chair of Audit Committee contribution to Appraisal of the Head of Audit & Counter Fraud role)	Positive	The Chair of the Audit Committee will be invited to contribute to the HIACF's mid-year performance review.
PM24	Statement of external audit	Positive	External Audit report by exception. At the time of writing this report, no concerns had been raised with the Head of Internal Audit and Counter Fraud by Grant Thornton.

7. Review of Audit & Counter Fraud Plan

- 7.1 Monitoring of the delivery of planned work is built into the team's processes with individual officer time recording data feeding into an automated performance monitoring workbook; this tracks the performance of the team against the shared service work-plan as a whole and enables the supervisory staff to plan and support officers to deliver their individual work plans. On at least a quarterly basis, a projection of the resources that will be available to the year-end is carried out and compared to forecasts for each item of work on the plan to be completed.
- 7.2 Although we are projecting a loss of around 67 audit days at this time, we are not proposing any changes to the agreed plan for 2021-22. The aim is to continue to direct resource to planned assurance work rather than the allowances for responsive activity, which will hopefully account for some of the losses and we will continue to monitor the impact on resources to determine whether changes are necessary.

8. Follow up of agreed recommendations

- 8.1 Where the work of the team finds opportunities to strengthen the council's risk management, governance and/or control arrangements, the team make and agree recommendations for improvement with service managers. The Standards require that a follow-up process is established: *to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action*. As with all audit work, resources should be prioritised based on risk.
- 8.2 Service managers are asked to provide an update on action taken towards implementing all recommendations due on a monthly basis and are also asked to supply evidence to confirm that action has been taken in respect of all High priority recommendations, which is verified by the Audit & Counter Fraud Team.
- 8.3 The first of the two tables below details the position of recommendations within the follow up process as of the end of the reporting period and the second details recommendations that are now more than six months over their planned implementation date; along with an update from the relevant Service Manager/Assistant Director/Director, which include a request for a revised implementation date where appropriate.
- 8.4 Five high and two medium priority recommendations were made as part of the review of Write Offs, relating to reviewing and circulating the Corporate Debt Strategy and Policy, putting in place procedure and process documents for all areas to ensure a consistent and timely approach to writing-off debt from the Council financial systems, ensuring records kept of any sub-delegated authority to write off debt, ensuring that exhaustive checks are made in a timely manner before writing-off debts, ensuring there is a segregation of duties and that write-offs are actioned on Integra, and ensuring that Management Teams receive reports on debt recovery performance and debt write-off.
- 8.5 The Head of Revenues & Benefits advised that over the past year the service has not had approval to advertise a number of vacant posts within the Corporate Debt team due to the moratorium on spend. This combined with the impact that the Covid-19 pandemic has had on the workload of the Revenues and Benefits service has regrettably affected the ability of the service to action those recommendations and all eight are now overdue, although only one by more than six months.
- 8.6 Interviews have now taken place in respect of the majority of vacancies which once filled should enable the team to be able to move ahead on a number of these recommendations. Additionally, the establishment of a Debt Forum chaired by the Portfolio Holder for Business Management, with key services in attendance, will assist in the progression of these actions. Consequently, a revised

implementation date of 28 February 2022 is requested for all eight recommendations to enable a plan of action/timetable to be devised.

Status of agreed recommendations

Audit title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
HR Self-Serve	<p>Opinion: Needs Strengthening Three recommendations agreed: one high, one medium and one low priority. Recommendations relate to electronic approval processes, staff delegations and subsequent notifications of roles and responsibilities.</p>	<p>Three recommendations due, two implemented. One high priority outstanding relating to electronic approval processes.</p>
Fairview Community Primary School	<p>Opinion: Red Three high priority recommendations agreed. Recommendations relate to the nomination of an LA representative for the Governing Body, the Governing Body updating declarations of interest, and the Governing Body working with the council to their leadership structure is in line with governance requirements.</p>	<p>Three recommendations due, three implemented.</p>
Whistleblowing	<p>Opinion: Amber Seven recommendations agreed: two high and five medium priority. Recommendations relate to reviewing the whistleblowing policy, including contact details and information for managers, training of whistleblowing officers, managers and staff, investigating the introduction of an online reporting form and ensuring there are systems in place for recording and reporting all concerns.</p>	<p>Seven recommendations due, two implemented. One high and four medium priority outstanding relating to managers and staff, investigating the introduction of an online reporting form and ensuring there are systems in place for recording and reporting all concerns.</p>
Children in Need - Section 17 Financial Assistance	<p>Opinion: Red Two high priority recommendations agreed. Recommendations relate to the distribution of new policies and procedures and identifying secure payment methods as an alternative to cash.</p>	<p>Two recommendations due, one implemented. One high priority outstanding relating to identifying secure payment methods as an alternative to cash.</p>
Write-offs	<p>Opinion: Amber Eight recommendations agreed: Six high and two medium priority. Recommendations relate to reviewing and circulating the Corporate Debt Strategy and Policy, putting in place procedure and process documents for all areas to ensure a consistent and timely approach to writing-off debt from the Council financial systems, ensuring records kept of any sub-delegated authority to write off debt, ensuring that exhaustive checks are made in a timely manner before writing-off debts, ensuring there is a segregation of duties and that write-offs are actioned on Integra, and ensuring that Management Teams and Cabinet receive reports on debt recovery performance and debt write-off.</p>	<p>Eight recommendations due, one implemented. Five high and two medium priority outstanding relating to reviewing and circulating the Corporate Debt Strategy and Policy, putting in place procedure and process documents for all areas to ensure a consistent and timely approach to writing-off debt from the Council financial systems, ensuring records kept of any sub-delegated authority to write off debt, ensuring that exhaustive checks are made in a timely manner before writing-off debts, ensuring there is a segregation of duties and that write-offs are actioned on Integra, and ensuring that</p>

		Management Teams receive reports on debt recovery performance and debt write-off.
Staff Performance Management Framework	<p>Opinion: Amber</p> <p>Four recommendations agreed: Three high and one medium priority.</p> <p>Recommendations relate to updating training requirements in the Corporate Induction Programme; ensuring all staff undertake training in relation to the MedPay framework, investigating the PDR recording process available through SelfServe4You and updating PDR guidance to state how PDR documents should be retained for GDPR compliance.</p>	<p>Three recommendations due, three implemented.</p> <p>Revised implementation date agreed for one medium priority recommendation relating to a system function to monitor management of staff performance through recording of PDR and 1-1's.</p>
Adoption & Fostering Allowances & expenses	<p>Opinion: Red</p> <p>Nine recommendations agreed: Six high, two medium and one low priority.</p> <p>Recommendations relate to procedure notes being created and issued to all staff with records maintained to confirm staff have received them, records being maintained of all policies issued to staff along with acknowledgement that they have been read and understood, declaration of interest forms being completed by all staff, expense claim forms being reviewed to include signatures and declarations in prominent positions, all claims being accompanied by evidence of expenditure, which is then retained, an episode being created on Frameworki for the authorising officer to confirm any decisions made and approval for all expenses, including verification of receipts, the policy/accepted practice relating to respite care being reviewed to close the loophole identified or claim forms updated to require exact hours of respite to be declared, a requirement for all mileage to be detailed on claim forms, and the Foster Carer agreement being updated to include overpayment recovery details.</p>	<p>Nine recommendations due, five implemented.</p> <p>Three high and one medium priority outstanding relating to an episode being created on Frameworki for the authorising officer to confirm any decisions made, procedure notes being created and issued to all staff with records maintained to confirm staff have received them, and the Foster Carer agreement being updated to include overpayment recovery details.</p>
Innovation Centre Medway	<p>Opinion: Amber</p> <p>Five recommendations agreed: One high and four medium priority.</p> <p>Recommendations relate to a review of the Innovation Strategy, formalising the application process for tenants ensuring consistency for all applications, the maintenance of records, and the process for debt recovery.</p>	<p>Five recommendations due, four implemented.</p> <p>One medium priority outstanding relating to a review of the Innovation Strategy</p>
Capital Accounting – HRA	<p>Opinion: Green</p> <p>One low priority recommendation agreed.</p> <p>Recommendation relates to the inclusion of a link to the latest capital programme schemes monitoring information in the Capital and Revenue Budgets report that is presented to Council for decision making.</p>	<p>No recommendations due before 31 August 2021.</p> <p>Revised implementation date agreed for one low priority recommendation relating to the inclusion of a link to the latest capital programme schemes monitoring information in the Capital and Revenue Budgets report that is presented to Council for decision making.</p>

Purchase Ledger	<p>Opinion: Green Three recommendations agreed: One medium and two low priority. Recommendations relate to updating links to guidance documents within e-forms; deactivation of suppliers not used for more than 18 months and review of the authorised signatories list to remove past employees and update users with name changes.</p>	<p>Three recommendations due, two implemented. One medium priority outstanding relating to a review of the authorised signatories list to remove past employees and update users with name changes.</p>
Highways - winter service	<p>Opinion: Green Three recommendations agreed: Two medium and one low priority. Recommendations relate to ensuring amendments to the plan are recorded, the checking of data provided by the contractor to ensure accuracy and investigating means of ensuring there is financial resilience to deliver statutory duties in the case of severe inclement winter weather.</p>	<p>Three recommendations due, three implemented.</p>
Fostering – Virtual Panels	<p>Opinion: Green One medium priority recommendation agreed. Recommendation relates to approval of the Data Protection Impact Assessment for paperless panel meetings.</p>	<p>One recommendation due, none implemented. One medium priority outstanding relating to approval of the Data Protection Impact Assessment for paperless panel meetings.</p>
New Road Primary School	<p>Opinion: Amber Ten recommendations agreed: One high, seven medium and two low priority. Recommendations relate to declarations of interest for staff, purchase orders being raised for all non-emergency spend, all spending above the Head Teacher’s limit being supported by appropriate quotes, approved by the governing body and recorded in the relevant meeting minutes, the School Business Manager being replaced as an authorised signatory, members of staff not authorising their own reimbursements and the governing body having regular oversight of any reimbursements to the Head Teacher, credit card processes being reviewed, regular reporting on the financial outcome of all trips, clear procedures being set up for the charging, collection, and reconciliation of snack money contributions, all assets being recorded on the asset register, including the production of accurate reports, and the annual check of the asset register being carried out by an independent member of staff.</p>	<p>Eight recommendations due, seven implemented. One medium priority outstanding relating to clear procedures being set up for the charging, collection, and reconciliation of snack money contributions.</p>
Caldicott Guardian	<p>Opinion: Red Twelve recommendations agreed: Ten high and two medium priority. Recommendations relate to creating a profile page for the Caldicott Guardian that is available to all, ensuring all council officers are aware of the Caldicott Guardian’s roles & responsibilities, appointing a deputy, maintaining records of Caldicott Guardian activities and decisions, ensuring all data sharing agreements & protocols</p>	<p>Ten recommendations due, eight implemented. One high and one medium priority outstanding relating to maintaining records of Caldicott Guardian activities and decisions and ensuring all data sharing agreements & protocols are recorded and their use monitored.</p>

	<p>are recorded and their use monitored, being responsible for the DSP toolkit sign off, Completing bespoke training, creating a strategy or action plan, ensuring officers responding to ROI are appropriately trained for the role, ensuring all officers are aware of the Caldicott Principles by having training, signing the required data access agreement, all those accessing personal data having managerial approval, and all officers completing Data Protection Impact Assessments having awareness of the Caldicott Principles.</p>	
Free School Transport	<p>Opinion: Amber Three recommendations agreed: Two medium and one low priority. Recommendations relate to maintaining accurate records so that duplicate passes are not still active and incurring additional costs and ensuring that passes are cancelled when continued eligibility is not confirmed and updating internal procedure notes.</p>	Three recommendations due, three implemented.
Tree Service	<p>Opinion: Red Eight recommendations agreed: Seven high and one medium priority. Recommendations relate to updating the Tree Policy, making the Tree Preservation Order Register available on line and giving Medway Norse Tree Officers further access, exploring the reasons for the high level of tree works applications and putting remedies in place, ensuring Medway Norse conform to the s211 notice requirements and that these notices were actioned in the six week time period, ensure Tree Preservation Orders have adequate sign off, that the Senior Tree Officer carries out enforcement action where appropriate, and a review of the trees covered by Tree Preservation Orders.</p>	Four recommendations due, two implemented. Two high priority recommendations outstanding relating to ensuring Medway Norse conform to the s211 notice requirements and that these notices were actioned in the six-week time period and ensuring that Tree Preservation Orders have adequate sign off.
Fraud Focused Review of Special Guardianship Orders	<p>Opinion: Red Six recommendations agreed: Four high, one medium and one low priority. Recommendations relate to a review of the financial assessment form and calculator (including the declaration), supporting evidence for assessments being retained and stored in one place, assessments being authorised by senior officers prior to payment, annual declarations of interest being completed by staff, SGO's being paid two weeks in arrears in line with foster care payments, and procedures being put in place to support recovery of overpaid awards.</p>	One recommendation due, one implemented.
Cyber Security	<p>Opinion: Green Two medium priority recommendations agreed. Recommendations relate to review of the arrangements that are in place to allow staff to confirm that ICT Security policies have been read and to confirm that mandatory ICT Cyber Security training has been completed by staff.</p>	No recommendations due before 31 August 2021.

Disabled Facilities Grants	<p>Opinion: Amber</p> <p>Two recommendations agreed: One high and one low priority.</p> <p>Recommendations relate to regular reconciliation checks to ensure that data held in the Uniform System matches the records held on spreadsheets for monitoring purposes, and the draft DFG policy being finalised and going through correct governance processes to be formally adopted and made available for public inspection.</p>	One recommendation due, one implemented.
Visitor Parking Vouchers	<p>Opinion: Amber</p> <p>Three medium priority recommendations agreed.</p> <p>Recommendations relate to stock control and reconciliation of the vouchers sold and income received.</p>	Three recommendations due, two implemented. One medium priority outstanding relating to vouchers being held in a secure environment.
Section 17 - No Recourse to Public Funds	<p>Opinion: Amber</p> <p>Four recommendations agreed: One high and three medium priority.</p> <p>Recommendations relate to the new policy, 'Financial Assistance Section 17 (s17) Children Act 1989', being disseminated to all relevant staff as soon as possible to ensure they are aware of it; the agreement to make s17 NRPF payments being entered onto Mosaic by a senior officer to ensure that an audit trail is maintained; the Financial Assistance Section 17 (s17) Children Act 1989 Policy being updated to include that the Finance Panel is used to monitor the S17 spend and to promote best practices; and, the service working with Finance to review GL coding / budget monitoring arrangements in respect of s17 NRPF payments.</p>	Two recommendations due, none implemented. Two medium priority outstanding relating to the new policy, 'Financial Assistance Section 17 (s17) Children Act 1989', being disseminated to all relevant staff as soon as possible to ensure they are aware of it and the agreement to make s17 NRPF payments being entered onto Mosaic by a senior officer to ensure that an audit trail is maintained.

Recommendations outstanding more than six months after scheduled implementation date

Directorate	Audit title	Recommendation	Priority	Planned implementation date	Management update
BSD	HR Self Service	Only Director or Assistant Director can approve posts to electronically authorise payment of expenses and irregular claims through self-serve. Providing they have approved a post to authorise payments the current practice requiring an authorised signatory form when new staff move into post is unnecessary. Removing this process will save time spent	High	31 August 2017 30 June 2020	The system transferred to HR as of 1st April, whereby we are working with Zellis to see what modules can be onboarded and the associated cost. A working group will be formed, on which Audit will offer consultancy service. A revised implementation date

Directorate	Audit title	Recommendation	Priority	Planned implementation date	Management update
		processing and saving unnecessary paperwork. To ensure the list of approved posts is correct HR should send Directors and Assistant Directors a list of approved posts to review on an annual or bi-annual basis.			of 31 March 2022 is therefore requested.
BSD	Write-offs	The Corporate Debt Strategy and Policy should be reviewed, circulated and posted on the council's Intranet site.	Medium	30 October 2020	Over the past year the service has not had approval to advertise a number of vacant posts within the Corporate Debt team due to the moratorium on spend. This combined with the impact of the Covid-19 pandemic on the Revenues and Benefits service workload has regrettably affected the ability of the service to action these points. However, interviews have now taken place in respect of the majority of vacancies which once filled should enable the team to be able to move ahead on a number of these points. Additionally, the establishment of a Debt Forum chaired by the Portfolio Holder for Business management with key services in attendance will assist in the progression of these actions. Consequently, an extension is requested to 28 February 2022 to enable a plan of action/timetable to be devised.
C&A	Children in Need – Section 17 Financial Assistance	Alternative secure methods of payment should be identified with an implementation plan to minimise the need for cash payments.	High	30 December 2020	Project has now been allocated within the Business Change Team. Initial options are being scoped out and worked on with stakeholders across the system. A preferred option should be identified by the end November

Directorate	Audit title	Recommendation	Priority	Planned implementation date	Management update
					2021, thereafter a timetable for implementation can be advised. Revised implementation date of 31 March 2022 is requested.
BSD	Whistleblowing	All whistleblowing officers, line managers and supervisors should be trained in how to manage whistleblowing concerns.	High	30 June 2020	Verbal update to be provided at Committee meeting
BSD	Whistleblowing	Use of an online form for reporting concerns should be investigated.	Medium	31 January 2021	Verbal update to be provided at Committee meeting
BSD	Whistleblowing	A whistleblowing concern and monitoring form, or similar, should be made available to ensure that all relevant details and timescales are recorded.	Medium	31 January 2021	Verbal update to be provided at Committee meeting
BSD	Whistleblowing	There should be a centrally accessed system/area where cases can be recorded, but with permissions set that only allow officers access to their cases. The Chief Legal Officer should have access to all case details to ensure that information is not lost should officers leave or be absent.	Medium	31 January 2021	Verbal update to be provided at Committee meeting
BSD	Whistleblowing	A mechanism should be put in place for whistleblowing concerns that are raised with line managers to be included in reports if they are considered to be whistleblowing.	Medium	31 January 2021	Verbal update to be provided at Committee meeting
C&A	Fostering - Virtual Panels	Prior to using an electronic platform for panel documentation, arrangements should be made for the DPIA to be processed by the Information Governance Team.	Medium	28 February 2021	After liaison with the IT department, documents began to be shared through Microsoft Teams and the system was thoroughly tested to ensure that they could not be downloaded or copied to personal devices before going ahead. This action was taken due to the ongoing National Lockdown and inability to conduct face to face meetings.

Directorate	Audit title	Recommendation	Priority	Planned implementation date	Management update
					<p>A draft DPIA was completed and submitted at that stage, however, concerns around confidentiality were raised in August 2021 when an updated version of the DPIA was submitted to the Information Governance team.</p> <p>An adapted process has been proposed which is being tested by IT and will then be put in place and the DPIA updated accordingly.</p> <p>A revised implementation date of 30 November 2021 is requested to allow these changes to be implemented and the DPIA agreed.</p>

Definitions of audit opinions & Recommendation Priorities

Opinion	Definition
Green – Risk management operates effectively, and objectives are being met	Expected controls are in place and effective to ensure risks are well managed and the service objectives are being met. Any errors found are minor or the occurrence of errors is considered to be isolated. Recommendations made are considered to be opportunities to enhance existing arrangements.
Amber – Key risks are being managed to enable the key objectives to be met	Expected key or compensating controls are in place and generally complied with ensuring significant risks are adequately managed and the service area meets its key objectives. Instances of failure to comply with controls or errors / omissions have been identified. Improvements to the control process or compliance with controls have been identified and recommendations have been made to improve this.
Red – Risk management arrangements require improvement to ensure objectives can be met	The overall control process is weak with one or more expected key control(s) or compensating control(s) absent or there is evidence of significant non-compliance. Risk management is not considered to be effective and the service risks failing to meet its objectives, significant loss/error, fraud/impropriety or damage to reputation. Recommendations have been made to introduce new controls, improve compliance with existing controls or improve the efficiency of operations.

Recommendation priority	Definition
High	The findings indicate a fundamental weakness in control that leaves the council exposed to significant risk. The recommended action addresses the weakness identified; to mitigate the risk exposure and enable the achievement of key objectives. Management should address the recommendation as a matter of urgency.
Medium	The findings indicate a weakness in control, or lack of compliance with existing controls, that leaves the system open to risk, although it is not critical to the achievement of objectives. Management should address the recommendation within a reasonable timeframe.
Low	The findings have identified an opportunity to enhance the efficiency or effectiveness of the system/control environment. Management should address the recommendation as resources allow.